

SECRET

78A1-2

MEMORANDUM FOR: Dr. Herbert Scoville

1. We have just received a copy of the Bureau of the Budget's memorandum to the Secretary of Defense outlining preview material on intelligence community programs projected through 1967. This memorandum is substantially similar to the memorandum addressed to the DCI on the same subject approximately a month ago. The principal difference is that the memorandum to Mr. McNamara has eliminated references of purely parochial interest to CIA.

2. One additional change, however, of very considerable interest to the Agency and particularly to you is the fact that the following language has been inserted in this memorandum for the first time:

"a. Overhead reconnaissance collection

- 1) Financing has been provided in fiscal 1962 and prior years to initiate the development-procurement of 10 OXCART vehicles. In formulating the 1963 budget, it was decided to procure 5 more. There is need for a clear understanding of both the number of vehicles approved for current programming and the estimated total requirement during the projection period."

3. The above language has been substituted for language which I have quoted in the tab annexed hereto. A meeting between Messrs. McCone, McNamara, and Bell is scheduled for Tuesday, 31 July, and a briefing of the Director has been set up for 11:00 a.m., on 30 July. It seems to me particularly important that we should have complete agreement within the Agency with respect to the budgetary implications of the program referred to by the Bureau of the Budget before the briefing of the DCI next Monday.

JA  
JOHN A. BROSS  
Comptroller

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"a. Overhead reconnaissance collection

- 1) CIA - In view of the limited program funding flexibility which CIA has, outside of the contingency reserve for emergencies and urgent special undertakings, total financial responsibility for major overhead system development strains the overall agency program capability. For example, CIA assumed full program financing responsibility in FY 1963 for the first time for a special project involving the development of a vehicle in which both CIA and Air Force have an interest. To accommodate desirable engineering changes and to ensure meeting current development and operating schedules will require an estimated amount of [ ] amounts programmed in CIA's FY 1963 budget. Such an additional amount will have to be derived from DOD resources, and will have the effect of significantly increasing CIA's 1963 budget total. We believe that the Secretary of Defense and the DCI should reconsider the budgetary responsibility assignments for special projects in which Defense and CIA have a joint interest."

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<p><i>I gather this is what you were referring to re Brass. + BOB. This doesn't make the conflict between CIA and BOB very clear</i></p> <p style="text-align: right;"><i>u</i></p>			
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